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TO : THE DEPARTMENT OF STATE, WASHINGTON. — DATE August 14, 1953

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SUBJECT: WEEKA NO. 33 - ECONOMIC SECTION

Action Taken

SECTION II

Date of Action 8-28-53

Commercial Policy

Action Office Symbol 140

Dr. Raúl OSEGUEDA, Minister of Foreign Relations, announced this week that conversations had been initiated between Argentine Government officials and Ambassador-at-large Juan José ARÉVALO, ex-President of Guatemala, regarding a bilateral trade treaty. Guatemala would reportedly export fine woods, minerals, coffee, essential oils and tropical fruits, and import textiles, footwear, breeding cattle and books. All merchandise would be transported by the Argentine merchant fleet. According to the press, Dr. Arévalo was also negotiating with Aerolineas Argentinas for the establishment of air service to Guatemala by that company. (WEEKA No. 25)

Dr. Osegueda's announcement appeared strange since the importation of leather footwear is prohibited, imports of cotton textiles are restricted in order to protect domestic industry, and there is no duty on books. 1952 imports from Argentina were $41,109 and exports $22. Imports were principally tanning materials, leather and wool. Attempts to increase imports of wool seemed likely to encounter opposition since local wool interests have recently been agitating for higher protection.

Meanwhile, increased pressure on the Government to terminate or ignore the United States-Guatemala Trade Agreement was foreshadowed when the Communist-dominated General Confederation of Labor (CGTG), in an invitation to attend its August 27-29 conference against the high cost of living, attacked as a primary factor in maintaining high prices "commercial treaties which force us to buy in countries subject to constantly increasing

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prices and prevent ample commercial relations with other countries which offer more advantageous conditions".

Commenting on the CGTG's announcement, the pro-Government, pro-Communist Nuestro Diario said that although the United Nations Charter speaks of free trade among all nations, existing trade treaties restrict the economic independence and development of countries like Guatemala by establishing closed areas for certain foreign financial and commercial interests and preventing those countries from protecting their industry through tariff increases.

Inter-American Highway

The independent daily El Imparcial reported this week that the Government had decided to begin work in November on the 20-mile gap in the northern section of the Inter-American Highway between Chimiche and the Mexican frontier and that a paved road would be completed by May 1954, but Minister of Communications Carlos ALDANA Sandoval subsequently told the press that he knew nothing of any such plans and Sr. Constantino BERNASCONI, Director General of Highways, privately confirmed that his department had no plans for working on the highway in that area.

Rudolf E. Schoenfeld

cc: Buenos Aires.

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